



January 26, 2007

SENATE BILL No. 204

DIGEST OF SB 204 (Updated January 24, 2007 11:29 am - DI 104)

Citations Affected: IC 27-1.

Synopsis: Mandated benefit task force. Amends the duties of the mandated benefit task force. Specifies that the insurance commissioner may require compliance with requests for information for the task force.

Effective: July 1, 2007.

Miller

January 8, 2007, read first time and referred to Committee on Health and Provider Services.
January 25, 2007, reported favorably — Do Pass.

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SB 204—LS 6995/DI 97+



January 26, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

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SENATE BILL No. 204

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-1-3-30, AS AMENDED BY P.L.125-2005,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 30. (a) As used in this section, "accident and
4 sickness insurance policy" has the meaning set forth in IC 27-8-14.2-1.
5 (b) As used in this section, "health maintenance organization" has
6 the meaning set forth in IC 27-13-1-19.
7 (c) As used in this section, "mandated benefit" means certain health
8 coverage or an offering of certain health coverage that is required
9 under:
10 (1) an accident and sickness insurance policy; or
11 (2) a contract with a health maintenance organization.
12 (d) As used in this section, "mandated benefit proposal" means a bill
13 or resolution pending before the general assembly that, if enacted,
14 would require certain health coverage or an offering of certain health
15 coverage under:
16 (1) an accident and sickness insurance policy; or
17 (2) a contract with a health maintenance organization.

SB 204—LS 6995/DI 97+



(e) The commissioner shall establish a task force to review mandated benefits and mandated benefit proposals.

(f) The task force must consist of ten (10) members appointed by the governor as follows:

- (1) Two (2) members representing the insurance industry.
- (2) Two (2) members representing consumers.
- (3) Two (2) members representing health care providers.
- (4) Two (2) members representing the business sector.
- (5) One (1) member who is an independent actuary.
- (6) The commissioner or the commissioner's designee.

A registered lobbyist may not serve as a member of the task force.

(g) Each member of the task force who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(h) Each member of the task force who is a state employee is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the task force shall attend at least fifty percent (50%) of scheduled meetings. A member who does not comply with this subsection is subject to replacement by the governor.

(j) The department shall provide administrative and actuarial support for the functions of the task force, including the use of the services of the department's actuary as necessary for the completion of the duties of the task force under this chapter.

(k) Upon the:

- (1) request of the legislative services agency on behalf of a member of the general assembly; or
- (2) determination of the task force;

the task force shall assess the social, medical, and financial impacts of ~~at least one (1)~~ a mandated benefit or ~~one (1)~~ a mandated benefit proposal each year. **If multiple requests are received during a session of the general assembly, the task force may prioritize the requests.**

(l) In assessing a mandated benefit or mandated benefit proposal, and to the extent that information is available **and accessible to the**

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task force, the task force ~~shall~~ **may** consider:

(1) social impacts, including:

(A) the extent to which the service that is the subject of the mandated benefit or mandated benefit proposal is generally used by a significant part of the population;

(B) the extent to which the health coverage is already generally available;

(C) if the health coverage is not generally available, the extent to which the lack of health coverage results in unreasonable financial hardship;

(D) the level of public demand for the service that is the subject of the mandated benefit or mandated benefit proposal;

(E) the level of public demand for the health coverage; and

(F) the extent to which the service that is the subject of the mandated benefit or mandated benefit proposal is covered under self-funded health coverage provided by Indiana employers that employ at least five hundred (500) employees;

(2) medical impacts, including the extent to which the service that is the subject of the mandated benefit or mandated benefit proposal is generally:

(A) recognized by the medical community as effective in patient treatment;

(B) demonstrated by a review of scientific and peer review literature to be recognized by the medical community; and

(C) available and used by treating physicians; and

(3) financial impacts, including the:

(A) extent to which the health coverage will increase or decrease the cost of the service **or the episode of care** that is the subject of the mandated benefit or mandated benefit proposal;

(B) extent to which the health coverage will increase the appropriate use of the service that is the subject of the mandated benefit or mandated benefit proposal;

(C) extent to which the service that is the subject of the mandated benefit or mandated benefit proposal will be a substitute for a more expensive service; **and**

(D) extent to which the health coverage will increase or decrease the:

(i) administrative expenses of accident and sickness insurers and health maintenance organizations; and

(ii) premium and administrative expenses of ~~individuals covered~~ **purchasers of individual and group health**

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- 1 **coverage** under accident and sickness insurance policies
 2 and health maintenance organization contracts.
 3 (E) ~~impact of the health coverage on the total cost of health~~
 4 care in Indiana; including
 5 **(4) any potential cost savings, including health care cost**
 6 **savings**, that may be realized through the mandated benefit or
 7 mandated benefit proposal; **and**
 8 (F) ~~impact of all mandated benefits on the ability of employers~~
 9 to purchase health coverage that meets employee needs;
 10 (G) ~~extent to which the financial impact of all mandated~~
 11 benefits; including the mandated benefit or mandated benefit
 12 proposal under consideration; will affect employee wages and
 13 compensation; and
 14 (H) ~~extent to which the financial impact of all mandated~~
 15 benefits; including the mandated benefit or mandated benefit
 16 proposal under consideration; will affect hiring practices of
 17 Indiana employers.
 18 **(5) the extent to which health coverage premiums are**
 19 **projected to increase in the absence of any additional**
 20 **mandated benefits and the impact that the projected premium**
 21 **increase and any additional premium increase will have on:**
 22 **(A) the availability of employer sponsored health coverage**
 23 **in Indiana;**
 24 **(B) employee wages and compensation; and**
 25 **(C) hiring practices of Indiana employers.**
 26 (m) The task force shall annually determine the full cost of all
 27 existing mandated benefits in Indiana as a percentage of:
 28 (1) Indiana's average annual wage; and
 29 (2) health coverage premiums.
 30 (n) In making the annual determination under subsection (m); the
 31 task force shall consider the full cost of existing mandated benefits
 32 under:
 33 (1) a typical group and individual:
 34 (A) accident and sickness insurance policy; and
 35 (B) health maintenance organization contract;
 36 in Indiana; and
 37 (2) the state employee health plans provided for in IC 5-10-8-7(b)
 38 and IC 5-10-8-7(c).
 39 ~~(o)~~ **(m) The task force may:**
 40 **(1) contract for professional services as necessary for the**
 41 **completion of the duties of the task force under this chapter; and**
 42 **(2) develop and recommend a standard format that may be**

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used by the general assembly for mandated benefit proposals.

(n) The commissioner may do the following:

(1) Use the department's funds to pay for professional services contracted for under subsection (m)(1).

(2) Require any person to provide to the task force data and information the commissioner determines is necessary for the task force to complete the task force's duties specified in this section. If a person does not comply with the commissioner's requirement, the commissioner shall report the noncompliance to the legislative council.

~~(p)~~ (o) The task force shall report the findings of the task force in an electronic format under IC 5-14-6 to the legislative council not later than November 1 of each year.

~~(q)~~ (p) Any recommendations made by the task force must be approved by at least six (6) members of the task force.

~~(r)~~ (q) The department may adopt rules under IC 4-22-2 to implement this section.

~~(s)~~ (r) Information that identifies a person and that is obtained by the task force under this section is confidential.

~~(t)~~ (s) This section expires December 31, 2010.

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 204, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 204 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 8, Nays 0.

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